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Message Text

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60
ACTION ARA-20

INFO OCT-01 ISO-00 AID-20 IGA-02 EB-11 COME-00 TRSE-00

CIAE-00 INR-10 NSAE-00 RSC-01 OPIC-12 XMB-07 SP-03

DRC-01 /088 W
---------- 128377
R 121535Z JUN 74
FM AMEMBASSY SAN JOSE
TO USDA/FAS WASHDC
INFO SECSTATE WASHDC 7257
AMEMBASSY BUENOS AIRES

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STATE FOR ARA/LA/CEN/CR - TAYLOR

E.O. 11652: N/A
TAGS: EAGR, ETRD, ECON, CS
SUBJECT ARGENTINE CREDIT FOR WHEAT WKD GRAIN IMPORTS

REF: SAN JOSE 2170

1. AGATT DISCUSSED COSTA RICAN WHEAT IMPORT SITUATION WITH LOCAL MILL (ONLY ONE MILL IN COUNTRY) AND MANAGER INDICATED THAT GOCR IS PRESSING THEM TO PURCHASE WHEAT FROM ARGENTINA UNDER RECENT CREDIT LINE OFFERED BY ARGENTINA TO COSTA RICA. MILL HAD THOUGHT THAT CREDIT LINE WAS FOR INDUSTRIAL PRODUCTS AND EXPRESSED SURPRISE RELATIVE TO THIS PRESSURE. THEY ALSO BELIEVE THAT THERE IS PRESSURE BEING EXERTED ON NATIONAL PRODUCTION COUNCIL TO PURCHASE OTHER GRAINS FROM ARGENTINA. MILL REPORTED THAT THEY HAVE NOT YET SEEN PRICES, BUT WERE TOLD THAT THEY WOULD BE LOWER THAN U.S. PRICES.

2. MILL MANAGER SAID THAT THEY PREFER TO PURCHASE U.S. HARD SPRING WHEAT SINCE LOCAL BAKING INDUSTRY IS NOT SOPHISTICATED AND WOULD ENCOUNTER DIFFICULTIES WITH LOWER QUALITY WHEAT.
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3. MANAGER SAID THAT WHEAT IMPORT NEEDS ARE COVERED THROUGH AUGUST, BUT THAT SHORTLY THEY WILL HAVE TO PURCHASE AGAIN. THEY ARE CLOSELY WATCHING U.S. MARKETS AND WAITING FOR ADDITIONAL DECLINES. EVEN WITH RECENT SHARP DECLINES IN U.S. MARKET, THEY ARGUE THAT THEY CANNOT HOLD FLOUR PRICES AT CURRENT LEVELS BECAUSE WHEAT PRICE DECLINES HAVE NOT BEEN SUFFICIENT TO COMPENSATE FOR APRIL 24 CURRENCY UNIFICATION

THAT RAISED THEIR IMPORT EXCHANGE RATE FROM COLONES 6.68 TO COLONES 8.60)(7 $1.00 OR 29 PERCENT.

4. SUBJECT OF POSSIBLE PL480 CREDIT FOR WHEAT WAS NOT DISCUSSED, BUT IF THIS A POSSIBILITY, IT WILL HAVE TO BE INDICATED TO GOCR SHORTLY IF WHEAT IS TO BE PROGRAMMED IN 1974. THIS PRESSURE TO USE ARGENTINE CREDIT LINE IS A NEW ELEMENT IN COSTA RICAN GRAIN IMPORT PICTURE, AND IF THERE IS SUFFICIENT GOCR FEELING THAT TRADE WITHNLWUTH AMERICA SHOULD BE EXPANDED, IT COULD BE USED TO DISPLACE U.S. POSITION IN MARKET.
LANE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: WHEAT, PROCUREMENT, PL 480 TITLE 1, COMMODITY ASSISTANCE, CREDIT AUTHORIZATIONS, IMPORT PRICES
Control Number: n/a
Copy: SINGLE
Draft Date: 12 JUN 1974
Decaption Date: 01 JAN 1960
Decaption Note:
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Disposition Approved on Date:
Disposition Authority: izenbei0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
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Review Event:
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